

# **Neighborhood Planning for Community Revitalization**

## **Affordable Housing Development for Asian Americans**

A CONSORTIUM PROJECT OF: Augsburg College; College of St. Catherine; Hamline University; Higher Education Consortium for Urban Affairs; Macalester College; Metropolitan State University; Minneapolis Community College; Minneapolis Neighborhood Revitalization Program; University of Minnesota (Center for Urban and Regional Affairs; Children, Youth and Family Consortium; Minnesota Extension Service); University of St. Thomas; and Minneapolis community and neighborhood representatives.

## **CURA RESOURCE COLLECTION**

**Center for Urban and Regional Affairs  
University of Minnesota  
330 Humphrey Center**

# **Affordable Housing Development for Asian Americans**

Conducted on behalf of  
Asian Development Corporation

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February 2001

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## **Table of Contents**

Executive Summary .....	i
Background .....	1
Objectives .....	1
Critical Housing Shortage & Affordability .....	1
Southeast Asian Families and Their Cultures .....	3
Financing Option .....	5
Duplex .....	5
Challenges for Developing Affordable Duplex .....	6
ADC's Development Strategy .....	7
Resource Needed .....	8
Potential Partners .....	8

## Background

Asian Development Corporation (ADC) is a non-profit community development corporation founded in 1998. It is a corporation serving the Asian Pacific American (APA) community in the Twin Cities, Minnesota. The mission of ADC is to increase the capacity of the Asian community through economic and housing development. ADC focuses primarily on newer Asian immigrants who include Hmong, Laotian, Vietnamese, Cambodians, and other Southeast Asian people.

## Objectives

The purposes of this research are as follow:

- i. To develop a profile of Asian family housing needs and wants.
- ii. To review duplex financing options.
- iii. To determine how duplex housing can be developed to support Southeast Asian family needs and affordability.
- iv. To determine other resources needed, and to identify possible partners for duplex development opportunities in targeted neighborhood(s).

The result of this study will serve as the foundation of ADC's future housing development plan for the Southeast Asian community in the Twin Cities.

## Critical Housing Shortage and Affordability

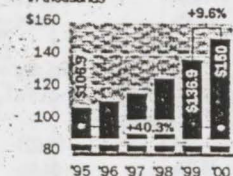
The population of the United States has been growing, especially the

**Chart 1 – Increase of Housing Sale Price**

**More money for a home in Twin Cities area**

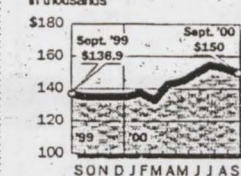
The median sale price\* of Twin Cities area homes was \$150,000 in September, down from an all-time high of \$154,900 in July. Still, housing prices are up 9.6 percent from a year ago, and 40.3 percent over the past five years.

> September median sales prices  
in thousands



Source: Minneapolis Area  
Association of Realtors

> Monthly median sales prices  
in thousands



\*Median is the point at which half the sales  
are above and half below the price indicated.

population of Asians and Hispanics. According to the most recent news from the United States census, Minnesota has the highest growth rate in the Midwest region in general (Peterson, D. and Gordon, G. December 31, 2000. 'Good Times, with Growing Pains', Star Tribune).



As a result, there is a growing demand for housing. Unfortunately, the vacancy rate in the rental housing market in the Twin Cities area has dropped to below 1%, which means a critical shortage of housing as compared to a healthy figure of 5%. In addition, affordability of housing in the Twin Cities area is dropping. There was an increase of 9.6% of housing sales prices from 1999 to 2000 (Please refer to Chart 1). Also, rents were increased 11% in the second quarter of 2000. Therefore, not only will it be difficult for low-income family to buy a house, but also they will have to spend more than 30% of their income to pay for rents. The definition of affordable housing is that the households pay no more than 30% of their total income for rents or mortgages (Peterson, D. and Gordon, G. December 31, 2000. 'Good Times, with Growing Pains', Star Tribune).

According to the 1990 census data, 0.52% of Asian population owned a home, while 0.74% rented. The majority of the Asian population was concentrated in Hennepin and Ramsey Counties. Chart 2 and Chart 3 illustrate the distribution of Asian population in the Twin Cities area, but these are the figures from 1990 census data. The current figure could very well exceed these numbers.

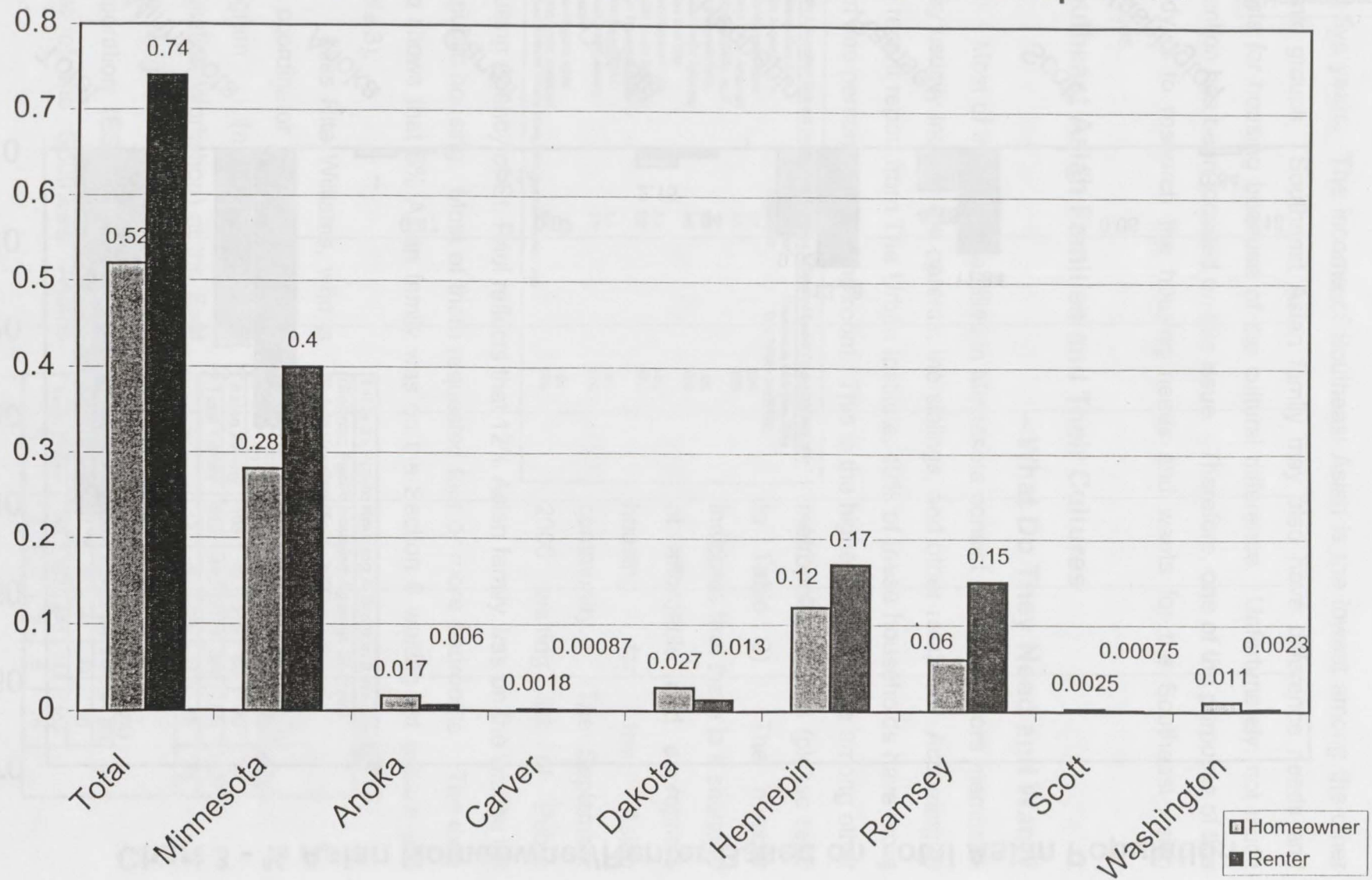
Most of the Southeast Asian immigrants are new to this country. Therefore, some of them have not yet developed the required skills and the language to get better paying jobs. According to a recent report from The Urban Institute commissioned from the National Coalition for Asian Pacific American Community Development (CAPACD), the poverty rate of Asian Pacific American is higher than the national poverty rate. The 1997, 1998, and 1999 Current Population Survey shows that the poverty rates of Southeast Asian are three times higher than that of whites (23% versus 9%). Table 1 illustrates the incomes of those who have arrived within the

Table 1. Per Capita Income and Share of Households Below 200% of Poverty for Native and Foreign-Born Households, 1997-1999

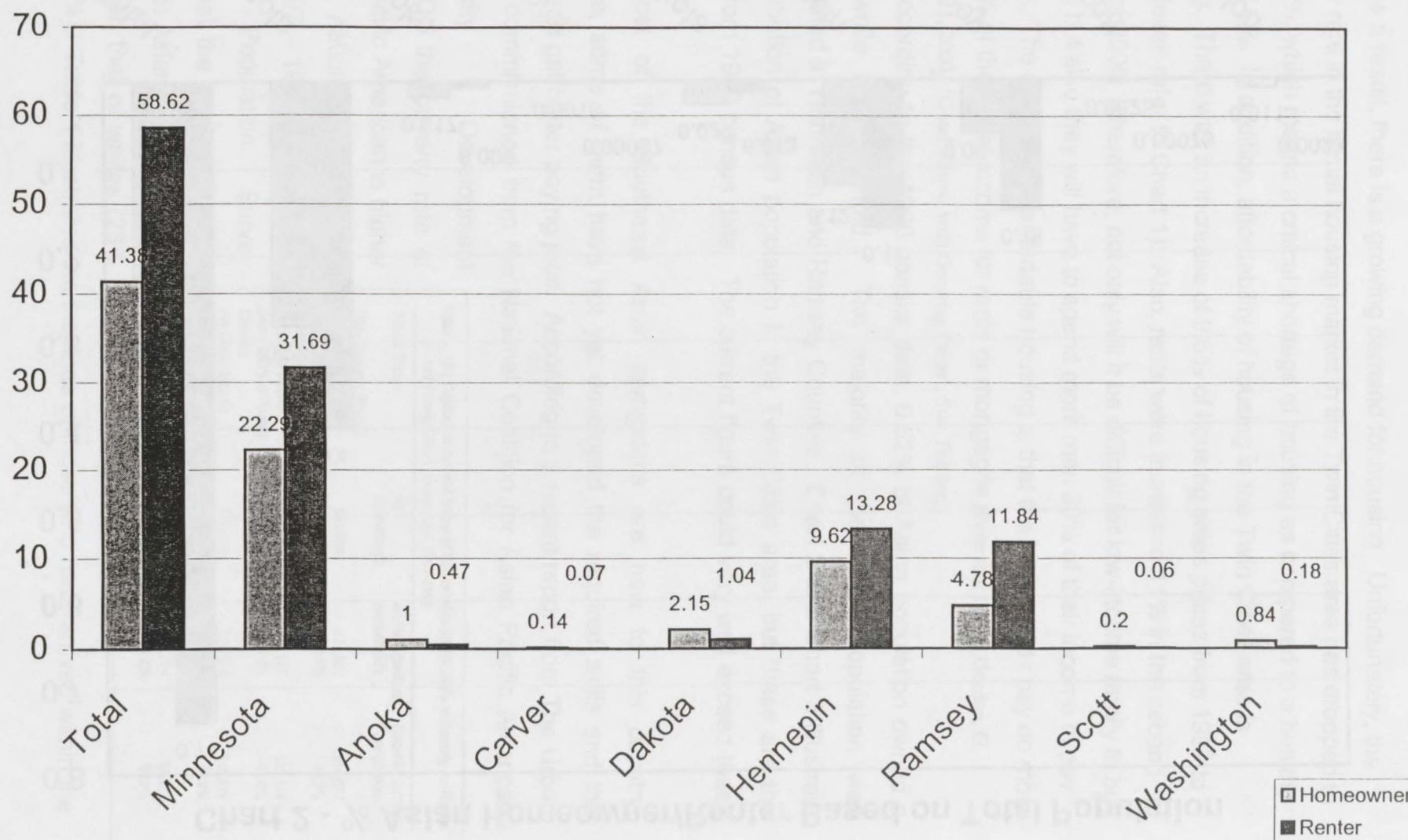
Ethnic Group	All Households	All Foreign-Born Households	Recently Arrived Foreign-Born
Non-Hispanic White			
Per Capita Income	\$21,708	\$21,932	\$18,077
Below 200% of Poverty	24.6%	30.5%	46.5%
Asian Pacific American			
Per Capita Income	\$19,283	\$18,287	\$15,478
Below 200% of Poverty	28.7%	29.4%	41.6%
Chinese			
Per Capita Income	\$21,209	\$20,394	\$15,879
Below 200% of Poverty	25.0%	27.2%	40.9%
Southeast Asian			
Per Capita Income	\$11,969	\$11,784	\$8,021
Below 200% of Poverty	47.8%	45.2%	64.9%

Source: 1997-1999 Current Population Survey

**Chart 2 - % Asian Homeowner/Renter Based on Total Population**



**Chart 3 - % Asian Homeowner/Renter Based on Total Asian Population**





last five years. The income of Southeast Asian is the lowest among the other ethnic groups. Southeast Asian family may also have difference needs and wants for housing because of the cultural difference. Unfortunately, not much attention has been focused on this issue. Therefore, one of the purposes of this study is to research the housing needs and wants for the Southeast Asian families.

## Southeast Asian Families and Their Cultures

### – What Do They Need and Want?

Most of the Asian families in Minnesota consist of four or more members. They usually include the parents, the siblings, and other relatives. According to the recent report from The Urban Institute, 49% of these households have more than one person sharing one room. This is the highest percentage among other

Metropolitan Area	Persons per Household	Households with More Than One Person per Room
Los Angeles		
Non-Hispanic White	2.7	23%
Asian Pacific American	3.0	18%
Minneapolis/St. Paul		
Non-Hispanic White	2.2	3%
Asian Pacific American	4.3	49%
New York City		
Non-Hispanic White	2.3	14%
Asian Pacific American	2.9	30%
San Francisco/Oakland		
Non-Hispanic White	2.1	10%
Asian Pacific American	3.3	35%
Seattle		
Non-Hispanic White	1.9	4%
Asian Pacific American	2.6	14%

Source: American Housing Survey, years dependent on metro area

metropolitan areas (please refer to Table 2). The number indicates that there is a shortage of affordable and appropriate housing for the Asian community. The September 2000 waiting list of Public

Housing Agency of St. Paul reflects that 12% Asian family was on the waiting list for public housing. Most of them requested four or more bedrooms. The data also shows that 5% Asian family was on the Section 8 waiting list (please see Table 3).

Miss Rita Williams, who is the coordinator of the HomeLink Program (a Homebuyer Education Workshop) at the East Side Neighborhood Development Corporation (ESNDC), said that most of the Southeast Asians

Public Housing (Sept., 2000)						
Total = 5003 Families						
Total Asian/Pacific Islander = 603 Families (12%)						
	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Asian Family	108	42	218	98	70	67
Total Family	922	488	2193	879	371	150
%	12	9	10	11	19	45
Section 8 (Sept., 2000)						
Total = 2327 Families						
Total Asian/Pacific Islander = 121 Families (5%)						
	0 BR	1 BR	2 BR	3 BR	4+ BR	
Asian Family	7	9	46	29	30	
Total Family	149	557	943	513	165	
%	5	2	5	6	18	

attending the programs reflected that they would prefer to purchase a house that has four or five bedrooms. They would stay at the same place for a longer period of time if they could find a house that has enough bedrooms for their family members. The demand for more bedrooms from Asian family could also be indicated from the statistics from the Public Housing Agency of St. Paul. The data shows that Asian residents usually occupy public housing with more than 3 bedrooms (please refer to Table 4). Miss Kathryn Paulson, a Housing Developer of ESND, also mentioned that most of her Southeast Asian clients have large family, average of four to nine members, or they are mix family (combining two or more related families).

Miss Rita Williams and Miss Kathryn Paulson both said that their Southeast Asian clients also look for larger common area and larger kitchen for family gathering or celebration and food preparation.

In addition, according to a Star Tribune news article on September 23, 2000, some of the Southeast Asians would also prefer to live closer to their

Table 4 - Asian Family Occupy Housing With More Rooms							
<i>(Source: Public Housing Agency, St. Paul)</i>							
<b>Public Housing Residents</b>							
Total = 4163							
	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Asian Resident	23	221	209	374	214	101	5
Total	113	2419	542	710	269	105	5
%	20.4	9.14	38.6	52.7	79.6	96.2	100
<b>Public Housing Family Residents</b>							
Total = 1680							
	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Asian Family	0	91	188	374	213	101	5
Total	0	115	764	709	268	105	5
%	0	79.1	39.3	52.8	79.5	96.2	100
<b>Public Housing Hi-Rise Residents</b>							
Total = 2482							
	0 BR	1 BR	2 BR	3 BR			
Asian Family	23	130	21	1			
Total	113	2304	64	1			
%	20.4	5.64	32.8	100			

also want to live in a safe neighborhood. However, some of them also look for location that are closer to their work place, or has easy access to public transportation. Some of them rely on

relatives and friends. Some of them like to live close to their parents, so that they can take care of them, or the parents could baby-sit their grandchildren.

Location also plays an important deciding factor when buying a house. According to Miss Rita Williams, besides the above factors, Southeast Asians

**Table 5 – Housing Needs & Wants for Southeast Asian Family**

- More Bedrooms ( 4 – 5 bedrooms)
- Large Kitchen
- Large Common Area
- Location – Closer to Relatives & Friends
- Location – Closer to Work Place
- Easy Access to Public Transportation
- Safe Neighborhood

public transportation. Unfortunately, there is very limited public transportation in the suburban area, where there are more job opportunities.

### **Financing Option**

Most of the major banks, such as FirStar and TCF, offer many options for affordable loans (please see Table 6 for Affordable Loan Product Matrix). Financing option for duplex is widely available. However, according to Miss Karen Phelps from FirStar Bank, every first-time homebuyer must attend a certified Homebuyer Education Workshop in order to be qualified for applying any of the loan programs. Therefore, availability of this program is very important. This is not only because every first-time homebuyer must attend to be qualified for any of the loan programs, but it also benefits them since they should know every responsibility of owning a home.

In addition, other federal agency, such as Minnesota Housing Finance Agency, also provides low interest mortgage or assistance fund for low-income family to purchase a house.

There is also a "homeownership option" authorized by section 8(y) of the United States Housing Act of 1937 in 1999. It authorizes Section 8 tenant-based assistance for eligible family to pay for home mortgage if the family occupies a home that is owned or purchased by a member of the family. However, it has not been widely carried out yet.

### **DUPLEX**

Based on the needs and wants, ADC sees that duplex will be a better choice for fulfilling the needs and wants for the Southeast Asian families. Issues such as overcrowding, low vacancy rate, and lack of cultural sensitive housing also add to the argument for other housing alternatives. In this case, duplex and duplex design targeted at Asians could be a possible alternative to affordable and appropriate housing gear towards Asians. A duplex design is important because it would provide culturally sensitive housing being of unique added value. A similar or different duplex design could also be designed that could benefit other ethnic immigrant groups with similar housing needs and wants.

TABLE 6(1) - HOME OWNERSHIP CENTER - AFFORDABLE LOAN PRODUCT MATRIX

MEDIAN INCOME: \$68,600 80% OF MEDIAN INCOME: \$54,880	FirStar American Dream	FirStar Affordable Gold	TCF Homeward	TCF 1% Down
<b>Ratios</b>	41%	40% total monthly debt	41%	29/41
<b>Maximum Total Household Income</b>	\$54,880 adjusted for family size	\$57,300	\$54,880, 80% median	\$34,300
<b>Assistance Programs</b> (Down payment, Closing cost & Affordability Assistance)	1. ECHO \$3,000 2. Entry cost loan based on need up to \$2,500	HAF monthly payment and/or entry cost assistance are available if using in combination with MHFA loan	1. \$3,000 existing, \$4,000 new HFA/EC 2. \$2,500 TCF Entry Cost Loan for closing costs only 3. \$17,000 MCDA Rehab Support	1. HAF entry cost and AHP assistance. 2. Payment assistance avail.
<b>Must be a First Time Buyer?</b> (not a homeowner in the past 3 years)	Yes	No	No	Yes
<b>Home Buyer Educ. and/or Counseling Req'd?</b>	Yes, call lender for details All borrowers must attend education	Yes, call lender for details One buyer must complete	Yes, call lender for details One buyer must complete	Yes One buyer must complete
<b>Geographic Area</b>	St. Paul and Mpls w/ assistance 7 county metro no assistance	11 county metro area	11 Co. metro, Stearns, Benton Counties	7 County metro area, St. Cloud, Mpls & St. Paul
<b>Underwriting Guidelines</b>	FannieMae guidelines (Case by case)	FreddieMae guidelines	FannieMae, FreddieMac & portfolio loan guidelines	FHA, FannieMae guidelines
<b>Minimum Down Payment</b>	3%	5%	5%	1% of purchase price plus pre-pays
<b>Buyer's Minimum Investment</b>	2% OR \$1,000 which ever is less; must cover earnest money, application fee, 1st year homeowners ins.	5% or 3/2 option	3/2, 3% for downpayment must be borrower's if income > 80% 2/3, 2% borrower's if income < 80%	FHA, FannieMae guidelines
<b>Seller Points Required?</b>	No	Yes (if using MHFA)	No	Yes (2 points seller), seller cannot pay closing costs.
<b>Mortgage Insurance Required?</b>	No <i>Portfolio loan</i>	PMI Required 30% coverage	PMI required. See lender for details. <i>Portfolio loan</i>	Yes, MIP required
<b>Rate</b>	Market rate for FannieMae 30yr.	Market rate	Market rate	Bond rate, call lender for details
<b>Long Term Debt</b>	>10 months	>10 months	> 10 months Day Care Exp not L/T debt	>10 months
<b>Income Not Considered</b>	Part time temporary less than a year.			No food stamps or day care income
<b>Maximum Loan Amount</b>	\$120,500 when using ECHO. Otherwise max. conforming	None, or \$95,000 when using MHFA	\$252,700	\$149,485 purchase price existing 1 & 2 units
<b>1. Rehab Inspection Required?</b> <b>2. Purchase/Rehab Loan Available?</b>	No No	No No	Yes Yes	No No
<b>St. Paul Loan Officers</b>	Karen Phelps 952-851-8266 Kathy Luebke 952-851-5463	Kathy Luebke 952-851-5463	Bryce Plochacz (651) 636-4480	Bryce Plochacz (651) 636-4480
<b>Minneapolis Loan Officers</b>			Danai Anderson 612-884-3360	Danai Anderson 612-884-3360
<b>Eligible Property</b>	1-4 units, condos, townhouses	1 or 2 units	Single family detached, townhomes, PUD's meeting FannieMae	Single family properties, duplexes, townhomes & condos.
<b>Identification &amp; Citizenship/Residency Status Required:</b>	Driver's license or ID, SS Card & proof of residency.	Driver's license or ID, SS Card & proof of residency.	Driver's license or ID, SS Card & proof of residency.	Driver's license or ID, SS card & proof of residency.

Call specific lender for further updates.  
Updated October 2000

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TABLE 6(11) - HOME OWNERSHIP CENTER - AFFORDABLE LOAN PRODUCT MATRIX

<b>MEDIAN INCOME: \$68,600 80% OF MEDIAN INCOME: \$54,880</b>	<b>City of Minneapolis MCDA City Living Low/Moderate</b>	<b>City of St. Paul City Living A Mortgage</b>	<b>Wells Fargo CHOP</b>	<b>Wells Fargo C.H.A.M.P.</b>
<b>Ratios</b>	> 90% LTV 28/36 < 90% LTV 33/38 29/41 FHA	33/38 Conventional 29/41 FHA	40/40 or 34/34 if using downpayment loan of \$1,500	40/40 or 34/34 if using downpayment loan of \$1,500
<b>Maximum Total Household Income</b>	\$68,600-1 & 2 person \$78,890- 3 and more	\$68,600-1 & 2 person \$78,890- 3 and more	No income limit	80% of median income family of 4, per county
<b>Assistance Programs (Down payment, Closing cost &amp; Affordability Assistance)</b>	None	Yes	\$1,500 Down payment loan- income must be at or below 80% of median adj for family size. ECHO at \$2000. Max 100%CLTV	\$1,500 Down payment loan- income must be at or below 80% of median adj for family size. ECHO at \$2000. Max 100%CLTV
<b>Must be a First Time Buyer</b>	Yes	Yes	No	No
<b>Home Buyer Education and/or Counseling Required</b>	Yes, call lender for details One buyer must complete	Yes, call lender for details. One buyer must complete. Some programs may require all buyers.	Yes, call lender for details One buyer must complete	Yes, call lender for details One buyer must complete
<b>Geographic Area</b>	City of Minneapolis	City of St. Paul	Mpls/St. Paul city limits	State of Minnesota
<b>Underwriting Guidelines</b>	Standard FannieMac Standard FHA	FHA, VA, FannieMac, Freddie Mac guidelines	FannieMac guidelines flexible	FannieMac guidelines flexible
<b>Minimum Down Payment</b>	FHA, VA, FannieMac guidelines	FHA, VA, FannieMac, Freddie Mac guidelines	3%	3%
<b>Buyer's Minimum Investment</b>	FHA, VA, FannieMac guidelines	FHA, VA, FannieMac, Freddie Mac guidelines	No minimum (Seller's maximum contribution is 6%)	No minimum (Seller's maximum contribution is 6%)
<b>Seller Points Required</b>	1 point, buyer or seller	1 point, buyer or seller	No	No
<b>Mortgage Insurance Required</b>	Yes, depends on LTV MIP required	Yes, depends on LTV MIP required	No <i>Portfolio loan</i>	No <i>Portfolio loan</i>
<b>Rate</b>	Call lender for quote	7.1%	Market rate	Market rate
<b>Long Term Debt</b>	>10 months	> 10 months	> 2 months	> 2 months
<b>Income Not Considered</b>	No food stamps, no more than 15% of home can be used for business	No food stamps, no more than 15% of home can be used for business	Rental income from duplex	Rental income from duplex
<b>Maximum Loan Amount</b>	\$149,485 existing \$149,485 new	\$149,485 purchase price	\$150,000 single family unit \$165,000 duplex	\$150,000 single family unit \$165,000 duplex
<b>1. Rehab Inspection Required? 2. Purchase/Rehab Loan Available?</b>	No Yes	1. Optional 2. Yes	No No	No No
<b>St. Paul Loan Officers</b>		Kim Poppe 651-266-6599 Beth Ulrich 651-266-6566 Lynn Ruff 651-266-6597	Dawn Sword 651-483-8211 Chaua Yang 651-205-8409	Dawn Sword 651-483-8211 Chaua Yang 651-205-8409
<b>Minneapolis Loan Officers</b>	Call 612-673-5288		Menbere Molla 612-667-1354	Menbere Molla 612-667-1354
<b>Eligible Property</b>	Single family-Minneapolis 1-4 unit-St. Paul	1-4 unit properties.	1 or 2 unit properties, condos, townhouses	1 or 2 unit properties, condos, townhouses
<b>Identification &amp; Citizenship/Residency Status Required:</b>	ID and SS card req. for FHA loans, & Alien card for conventional loan	Driver's license or ID, SS card & proof of residency.	Social Security Card and residency or non-residency alien card.	Social Security Card and residency or non-residency alien card.

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TABLE 6(111) - HOME OWNERSHIP CENTER - AFFORDABLE LOAN PRODUCT MATRIX

MEDIAN INCOME \$68,600 80% OF MEDIAN INCOME: \$54,880	U.S. Bank Home Advantage	U.S. Bank Home Partners U.S.	MIIFA MN Mortgage	MIIFA MN City Participation
Ratios	31/41	40/40	29/41 FHA 28/36 Conventional	29/41 FHA 28/36 Conventional
Maximum Total Household Income	No gen inc limit, but \$54,900 if using 0% ECHO or acqu assist & \$83,320 if using mkt rate acqu asst	80% median income. No adjustments, based on qualifying income.	80% HUD median, adjusted for family size	80% HUD median, adjusted for family size
Assistance Programs (Down payment, Closing cost & Affordability Assistance)	1. \$2,500 acq. asst. & rehab GAP 2. \$3,000 ECHO if max, dec.13%	None.	HAF entry cost assistance & monthly payment assistance.	HAF entry cost assistance & monthly payment assistance.
Must be a First Time Buyer	No, cannot own other property	No, cannot own other property.	Yes	Yes
Home Buyer Education and/or Counseling Required	Yes, call lender for details One buyer must complete	Yes, call lender for details One buyer must complete	Yes, if HAF monthly assistance is involved, one buyer complete.	Yes, if HAF monthly assistance is involved. One buyer complete
Geographic Area	Minneapolis/ St. Paul & some suburban areas	Minneapolis/St. Paul and some suburban areas	Statewide	Suburban Ramsey Co, suburban Hennepin Co, Anoka Co, Washington Co, specific areas in greater MN
Underwriting Guidelines	FannieMae guidelines flexible (case by case)	Similar to FannieMae guidelines	FHA, VA, FannieMae, & RD guidelines	FHA, VA, FannieMae, & RD guidelines
Minimum Down Payment	5% of purchase price	1%, borrower's own funds	FHA, VA, FannieMae, & RD guidelines	FHA, VA, FannieMae, & RD guidelines
Buyer's Minimum Investment	2% or \$500 (Which ever is greater)	1% plus \$250 application fee	FHA, VA, FannieMae, & RD guidelines	FHA, VA, FannieMae, & RD guidelines
Seller Points Required	No	No	Yes (2 points seller)	Yes (1.5 points seller)
Mortgage Insurance Required	Yes, or add 5/8 to rate if PMI is not possible. <i>Portfolio loan</i>	No	Yes, MIP required	Yes, MIP required
Rate	Market rate + 5/8 if no PMI available	Slightly over market	Fixed rate	6.65%
Long Term Debt	> 10 months	> 10 months	> 10 months	> 10 months
Income Not Considered	All income must be documentable	Non-qualifying income	No food stamps or day care income eligible.	No food stamps or day care income eligible.
Maximum Loan Amount	Max sales price: 1) \$120,500 ECHO 2) FNMA/FHLMC \$252,700 (1-unit); \$323,400 (2 unit)	FNMA/FHLMC limits	\$149,485 acq. (11 county metro)	\$149,485 acq. (11 county metro)
1. Rehab Inspection Required 2. Purchase/Rehab Loan Available	Yes Yes	No No	No No	No No
St. Paul Loan Officers	Russ Douville 651-229-6170 Joe Harrison 651-778-2605	Russ Douville 651-229-6170 Joe Harrison 651-778-2605	Tal Anderson 651-296-2198	Kim Stuart 651-296-9959
Minneapolis Loan Officers	Dave Penneyer 612-782-4134 Sean Warner 612-782-1585	Dave Penneyer 612-782-4134 Sean Warner 612-782-1585	Tal Anderson 651-296-2198	Kim Stuart 651-296-9959
Eligible Property	1-2 unit properties; <u>approved</u> condos & town homes	1 unit properties; condos and PUDs	Existing single family properties, duplexes, town homes & condos.	Existing single family properties, duplexes, town homes & condos.
Identification & Citizenship/ Residency Status Required:	Driver's license Or ID, SS Card & proof of residency.	ID and SS card required.	Driver's license or ID, SS Card & proof of residency.	Driver's license or ID, SS Card & proof of residency.

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TABLE 6(1v) - HOME OWNERSHIP CENTER - AFFORDABLE LOAN PRODUCT MATRIX

<b>MEDIAN INCOME \$68,600 80% OF MEDIAN INCOME: \$54,880</b>	<b>FannieMae 3/2</b>	<b>FannieMae 97</b>	<b>FHA 203b</b>	<b>Community NHS NIISA, CNHS &amp; SNHS</b>	<b>Marquette NCHM</b>
<b>Ratios</b>	33/38	33/38	29/41 31/43 energy	33/38	38 to 40
<b>Maximum Total Household Income</b>	100% of Area Median Income \$68,600 for metro area	100% of Area Median Income \$68,600 for metro area	No income limits	115% of median, based on family size; variations based on geographical area	80% of HUD median income
<b>Assistance Programs (Down payment, Closing cost &amp; Affordability Assistance)</b>	None provided by Fannie Mae	None provided by Fannie Mae	None	Community NHS ECAL max loan \$5,000 SNHS max. \$3,000.	\$3,000 ECHIO (\$54,880 Adj. Gross Income if using ECHIO)
<b>Must be a First Time Buyer? (not a homeowner in the past 3 years)</b>	No	No	No	No, but cannot own other property	No
<b>Home Buyer Education and/or Counseling Required?</b>	Yes, plus early delinquency intervention. All buyers complete.	Yes, plus early delinquency intervention. All buyers complete.	No, but lower upfront MIP with education	Yes, call lender for details	Yes, call lender for details One buyer must complete
<b>Geographic Area</b>	Country wide	Country wide	Nation wide	CNHS-St Paul SNHS-south side of Minneapolis Similar to FreddieMac	City of Minneapolis
<b>Underwriting Guidelines</b>	FannieMae Community Lending	FannieMae guidelines	FHA		FannieMae guidelines Flexible-case by case
<b>Minimum Down Payment</b>	5%	3%	No	5%	2%
<b>Buyer's Minimum Investment</b>	3% of buyer's own funds	3% of buyer's own funds	See Mortgage Letter 98-29 for guidelines.	2% from own funds towards the down payment	See lender
<b>Seller Points Required?</b>	No	No	No	No	No
<b>Mortgage Insurance Required?</b>	Yes	Yes	Yes, MIP required	Yes	No Portfolio Loan
<b>Rate</b>	Market rate	Market rate	Market rate	7.75% fixed, subject to change	Market Rate
<b>Long Term Debt</b>	>10 months	>10 months	>10 months	>10 months	>10 months
<b>Income Not Considered</b>			No food stamps	No food stamps	
<b>Maximum Loan Amount</b>	\$252,700	\$252,700	\$121,296 to \$177,755 (refer to county)	\$227,150	\$118,040 Max sales price \$120,500
<b>1. Rehab Inspection Required? 2. Purchase/Rehab Loan Available?</b>	No Yes - Homestyle Products	No Yes - Homestyle Products	Yes Yes-203k	Yes Yes	No See lender
<b>St. Paul Loan Officers</b>	Call your local lender	Call your local lender	Any loan officer	Lenora Taylor, Community NHS 651-292 8710	
<b>Minneapolis Loan Officers</b>	Call your local lender	Call your local lender	Any loan officer		Karen DuCharme 612-569-1458
<b>Eligible Property</b>	One unit properties, condos & PUDs	One unit properties, condos & PUDs	1-4 single family	1-4 units, condos, PUDs	1 or 2 unit properties.
<b>Identification &amp; Citizenship/ Residency Status Required:</b>	I.D., SS Card and alien residency card	I.D., SS Card and alien residency card	ID and SS Card required	Citizen or resident alien	Proof of residency

When interviewed with Miss Dawn Goldschmitz, the former Executive Director of Greater Frogtown Community Development Corporation (GFCDC), some of their Southeast Asian clients have suggested that duplex with shared basement would be a good choice for them because they could have a large gathering area.

### **Challenges for Developing Affordable Duplex**

There are some challenges for this project:

- I. **FINANCIAL SOURCES** - Financing will be an issue because some financial sources may question why this type of affordable housing is only targeting at Asian family. They may not see the greater needs of Asian family for affordable housing.
- II. **MONEY & TIME** - Developing new housing requires money and is time consuming. According to Miss Becky Kerr, the Housing Development Project Manager of GFCDC, the average development cost of a 4-bedroom, 2-bathroom single family house is about \$180,000. However, GFCDC usually gets the land at \$1 or no cost. The whole development process usually takes about one to two years. It usually depends on how soon the vacant lot is available.
- III. **LOCATION** - Finding a suitable location for the construction of the duplex will be an issue. There is a lack of vacant lot for large housing development. Also, some suburban residents may not accept development of affordable housing in their neighborhood. They are afraid that their property values maybe affected. However, a recent study from Family Housing Fund shows that "construction of affordable housing in suburban communities has little or no effect on the property values of surrounding single-family homes". Despite that, racism would also be one of the reasons of some suburban residents rejecting development of affordable housing.



- IV. **NON-ENGLISH HOMEBUYER WORKSHOP** - There might be not enough non-English homebuyer workshop education programs available. Currently, there is one Hmong and one Cambodian class available. This program is very important for these new immigrants because they are new to the country, and they have not owned a house here. Therefore, there are many responsibilities that they need to know. Moreover, most of the banks require first time homebuyers to attend this program before they can apply any loan programs.

### **ADC's Development Strategy**

In determining how duplex housing can be developed, ADC should incorporate a two-fold strategy to focus on duplex design and promotion. This would be a direct fundraiser strategy for ADC to target such funders as Fannie Mae, Freddie Mac and others to commission the development of a housing plan, in this case a duplex design, of adequate living quarters and space for the Twin Cities Asian community.

ADC, as the primarily initiator for this project, should plan a development process with ADC's Housing Committee implementing the development process consisting of the following:

- Developing a statement of the need of affordable duplex housing.
- Identifying a pro-bono architect to do a schematic and blue print design.
- Developing a design for the duplex which is:
  - A duplex design that will fit and confirm on city lots.
  - A duplex design that is cultural sensitive and appropriate.
  - A duplex design that is cost effective to build and affordable to Asians.

Marketing wise, ADC should market the design and the idea of the duplex to potential partners, such as local community development corporation. This will be in the area that has high concentration of Asian. At the same time, ADC

should also produce a promotion strategy to provide to its potential partners. Since this is a new idea, promotion plays a very important role to reach to the potential partners and customers.

Then, ADC and its partner will have to locate land on which the duplex will be built. Doctor Jeff Crump, a professor at the Department of Design, Housing and Apparel of the University of Minnesota, recommended that to avoid rejection of affordable housing development in a community, ADC could construct the duplex at scattered spots so that affordable housing is not concentrated in one area. He also added that the design of the duplex should be at least similar to the local housing design. It should not look too different from the others.

Doctor Crump also recommended ADC to rehabilitate existing duplex or re-model existing house into duplex. This process is shorter and more cost effective.

There are also some development cost saving methods that ADC could apply for this project. When designing the duplex, ADC could limit the interior finish package, for instance, dishwasher could be excluded, or basement could be left unfinished. ADC could also team up with Habitat for Humanity, which has experience in recruiting volunteers to help to build affordable housing.

To ensure that all the first-time homebuyers could attend the homebuyer education program, and most important of all, they understand well about the program materials, ADC could team up with local CDCs to provide classes in difference Southeast Asian languages.

### **Resource Needed**

Developing housing requires a lot of money. Therefore the most important resource that ADC needs is financing. The financial sources will include Minnesota Housing Fund Agency, Family Housing Fund, Greater Minnesota Housing Fund, Fannie Mae, Freddie Mac, fund from city, state and federal, and others.

### **Potential Partners**

ADC's potential partners for this project will include community organization such as Project Pride for Living, Common Bond, Habitat for

Humanity and Wilder. Possible partners for duplex development would be in targeted neighborhoods where there is high concentration of Asians living there or in new development growth areas looking in increase their diversity. They include Housing Development Community such as North End Area Revitalization (NEAR), Northside Residents Redevelopment Council (NRCC), East Side Neighborhood Development Corporation (ESNDC), Riverview Economic Development Association (REDA), Greater Frogtown Community Development Corporation, and others.